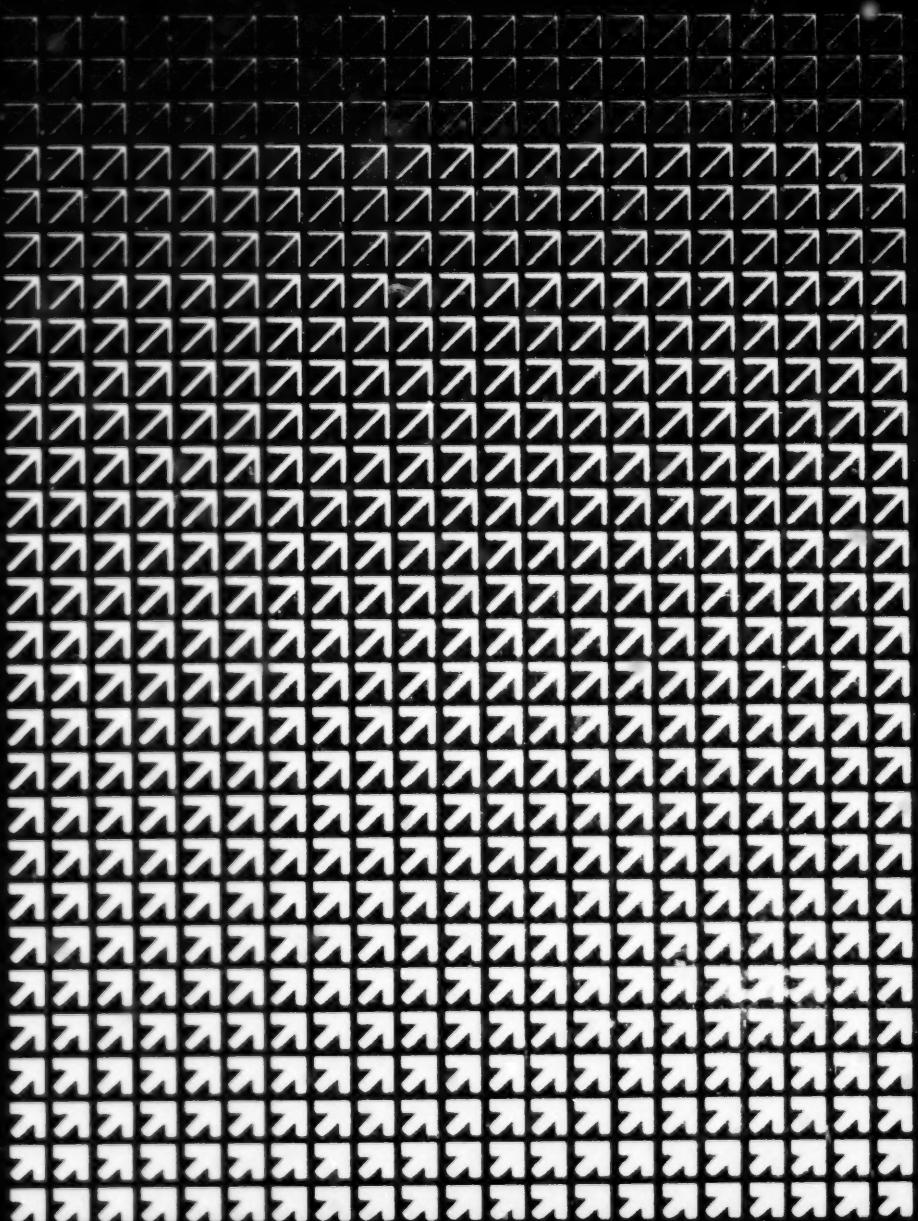
Annual Report



Chairman's Report

Small Business
Development Corporation

small business development corporation

October 14, 1983

Honourable Roland J. Thornhill
Minister of Development
Nova Scotia Department of Development
Province of Nova Scotia
Halifax, Nova Scotia

Dear Mr. Minister:

I am pleased to present on behalf of the Board of Directors of the Small Business Development Corporation, our Audited Financial Statements for the fiscal year ended March 31, 1983.

While the level of new loan activity was lower than for the preceding year, the Corporation was called upon to provide assistance to many businesses in need of counselling and advice during this difficult time. This was attributable to the general economic conditions that prevailed as well as a period of restraint that was evident in both Government and industry.

During the latter part of the March 31, 1983 fiscal year and at the start of the current fiscal year there were encouraging signs that a recovery had begun and this has been reflected in an increased level of applications received.

I wish to express my appreciation to the Directors, Officers and Staff of the Corporation for their dedication and assistance during the past year. Our thanks are also extended to officials of your Department and those of the Nova Scotia Department of Finance who have provided us with their co-operation during the year.

Respectfully submitted,

Frank T. Barber
Chairman

Nova Scotia Department of Development
Dartmouth Professional Centre, Suite 100, 277 Pleasant Street, Dartmouth, Nova Scotia B2Y 4B7 Telephone (902) 424-4910

Small Business Development Corporation

"There is hereby established a body corporate to be known as the Small Business Development Corporation. The Corporation may, subject to the regulations, render to small business financial assistance, or such other assistance as may be determined by the regulations, which in the opinion of the Board will encourage, sustain, improve or develop small businesses in the Province."

The Small Business Development Corporation reports to the Legislature through:

The Minister of Development
The Hon. Roland J. Thornhill
Province of Nova Scotia

Board of Directors

Small Business Development Corporation

"The general administration of the affairs, property and assets of the Corporation is vested in the Board." (Small Business Development Act)

F. T. Barber	**Chairman**
R. E. Barkhouse	**Directors**
F. C. Bettens	
R. P. Dexter	
H. Gillis	
O. P. Harkins	
D. Hill	
R. E. Hennigar	
M. Kelly	
D. L. Macaulay	
H. Norve	
T. R. Ogden	
J. P. O'Neil	
F. B. Peters	
R. A. Prest	
R. Publicover	
R. J. Thornhill	
W. T. Withers	

Administration

H. W. Clarke	**Executive Director**
D. G. Holland	**Assistant Director and Secretary**
P. E. McNeil	**Administrative Assistant**

Auditor's Report

Auditor General
Nova Scotia

Small Business
Development Fund

OFFICE OF THE AUDITOR GENERAL
NOVA SCOTIA

P.O. BOX 793
HALIFAX, N.S.
B3J 2V2

AUDITOR'S REPORT

To the Chairman and Directors
Small Business Development Corporation, and
The Minister of Development

I have examined the balance sheet of the Small Business Development Corporation as at March 31, 1983 and the statement of continuity of fund for the period then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Small Business Development Corporation as at March 31, 1983 and the continuity of the fund for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A.W. SARTY
AUDITOR GENERAL

Halifax, Nova Scotia
July 15, 1983

Small Business
Development Corporation

Department of Development
Province of Nova Scotia

Auditor's Report

Auditor General
Nova Scotia

Small Business Development Fund

Balance Sheet
As at March 31, 1983

Assets

	1983	1982
Accounts Receivable	$ 11,714	$ —
Loans Receivable (Note 1)	12,225,155	8,535,050
Investment — at cost (Note 1)	25,000	25,000
Due from consolidated fund		
Loans authorized but unadvanced	968,428	4,106,669
Guarantees authorized:		
In effect	126,000	14,000
Not in effect	300,000	91,000
Free balance	1,449,594	2,266,114
	2,844,022	6,477,783
	$15,105,891	$15,037,833

Liabilities and Fund Equity

Accounts Payable	$ 105,891	$ 37,833
Small Business Development Fund	15,000,000	15,000,000
	$15,105,891	**$15,037,833**

Approved on Behalf of the Board

Small Business
Development Corporation

J. Barker — Chairman

J. Patrick O'Neil — Member

Department of Development
Province of Nova Scotia

Auditor's Report

Auditor General
Nova Scotia

Small Business Development Fund

Small Business Development Corporation

Department of Development
Province of Nova Scotia

Statement for Continuity of Fund
For the period ending March 31, 1983

	1983	1982 (10 months)
Balance at beginning of year	$15,000,000	$ —
Authorizations during year	—	15,000,000
Balance at end of year	**$15,000,000**	**$15,000,000**
Comprising:		
Loans advanced, investment and guarantees in effect	$12,376,155	$ 8,574,050
Loans authorized but unadvanced and guarantees not in effect	1,268,428	4,197,669
Free balance	1,449,594	2,266,114
Accounts Receivable	11,714	—
Accounts Payable	(105,891)	(37,833)
	$15,000,000	**$15,000,000**

Auditor General
Nova Scotia

Small Business
Development Fund

1. Accounting Policies

A) Allowance for Doubtful Accounts

The loans receivable and investment shown on the accompanying balance sheet include an amount of $974,254 (1982: $603,308) for which recovery is considered doubtful. An allowance for these amounts has been established and set up on the balance sheet of the Province and offset against the advances to the Fund.

B) Interest

There is no charge to the Small Business Development Fund for interest on advances from the Consolidated Fund. However, the Department of Finance calculates interest at the provincial borrowing rate on average advances outstanding during the year. This amount is charged to the general administration division of the Department of Development.

Interest revenue received on loans advanced by the Small Business Development Corporation is credited directly to the Consolidated Fund and netted against the interest charge on the related advances. The Consolidated Fund does not recognize interest accrued but not received which amounted to $204,365 (1982: $89,493).

Details of interest charged on advances and revenue are as follows:

	1983	1982 (10 months)
Interest Revenue	$1,445,125	$417,017
Interest on Advances	1,438,464	426,106
Net Interest Revenue (expense)	$ 6,661	$ (9,089)

Small Business
Development Corporation

Auditor General
Nova Scotia

Small Business
Development Fund

1. Accounting Policies (Cont'd)

C) Administrative Expenses

Administrative costs of the Small Business Development Corporation in the amount of $325,197 (1982: $425,808) have been charged to the general administration vote of the Department of Development. They are not reflected in these statements.

Small Business
Development Corporation

Authorization by Industry Sector		1982 %	1982 $	1983 %	1983 $
Manufacturing	Wood Products	7	603,000	10	272,000
	Metal Fabrication & Machining	14	1,189,000	14	390,000
	Food	4	310,000		
	Electronics	4	298,000	5	128,500
	Printing & Related	2	167,500	1	39,800
	Textiles & Clothing	1	111,700		
	Other	6	497,000	12	336,400
	Total	**38**	**3,176,200**	**42**	**1,166,700**
Services	Tourist & Entertainment	14	1,180,000	30	835,000
	Personal	7	555,500	1	26,000
	Construction	4	334,000	1	37,000
	Agriculture	3	280,000		
	Business	1	110,500	2	74,000
	Misc. Services	9	761,300	13	355,000
	Total	**38**	**3,221,300**	**47**	**1,327,000**
Trade	Retail Trade	21	1,758,600	7	189,000
	Wholesale Trade	3	228,000	4	125,000
	Total	24	1,986,600	11	314,000
Total Authorization		**100**	**8,384,100**	**100**	**2,807,700**

Small Business Development Corporation

Applications and Authorizations

	1982		1983	
	#	$	#	$
Total Applications Processed	250	17,347,238	158	10,479,853
Average Amount		69,389		66,328
Applications Authorized	135	8,384,100	53	2,807,700
% of Total App.	54%	48%	34%	27%
Applications Declined	72	4,706,229	52	3,432,075
% of Total App.	29%	27%	32%	33%
Applications Withdrawn and Deferred	43	4,256,909	53	4,240,078
% of Total App.	17%	25%	34%	40%

Purpose of Authorizations

	%	$	%	$
To Establish a New Business	21	1,578,700	23	661,000
To Expand an Existing Business	65	5,915,900	67	1,869,300
Other Miscellaneous Purposes	14	889,500	10	277,400

Small Business
Development Corporation

Distribution of Authorizations by Size

		1982 #	1982 %	1983 #	1983 %
$0 to	$25,000	56	42	20	38
$25,001 to	$50,000	29	21	20	38
$50,001 to	$100,000	23	17	5	9
$100,001 to	$250,000	27	20	8	15
	Totals	**135**	**100**	**53**	**100**

Distribution of Authorizations by Project and Source

		%	$	%	$
Project Cost	Land and Buildings	52	6,928,422	39	1,755,084
	Machinery & Vehicles	32	4,334,551	29	1,342,429
	Working Capital	12	1,676,222	30	1,377,457
	Miscellaneous	4	561,774	2	68,500
	Total	**100**	**13,500,969**	**100**	**4,543,470**
Financing	SBDC-Loan	61	8,204,100	54	2,461,700
	SBDC-Guarantee	1	180,000	8	346,000
	New Equity Investment (Shareholders)	15	1,974,179	20	912,300
	Other Lenders	13	1,732,069	7	310,200
	Miscellaneous	10	1,410,621	11	513,270
	Total	**100**	**13,500,969**	**100**	**4,543,470**

Small Business
Development Corporation

Main Office

Dartmouth Professional Centre
277 Pleasant Street, Suite 100
Dartmouth, Nova Scotia
B2Y 4B7

902 424-4920

and co-ordinated with:

Department of Development Regional Offices

Cape Breton	539-4768	295 Charlotte St., **Sydney**, B1P 1C4
Strait of Canso	625-3200	Professional Bldg., Church Street, **Port Hawkesbury**, B0E 2V0
	863-5707	Antigonish Municipal Bldg., 42 West St., **Antigonish**, B2G 2H5
Metro/East	424-6767	5151 George St., P.O. Box 519, **Halifax**, B3J 2R7
Northumberland	662-3339	Admin. Bldg., Debert Air Industrial Park, Box 100, **Debert** B0M 1G0
	752-1011	Maritime Bldg., Rm. 504, 169 Provost St., **New Glasgow**, B2H 2P9
	667-3223	40 Anson Ave., Amherst Industrial Park, **Amherst**, B4H 4A1
South Coast	543-9121	Provincial Bldg., 99 High St. **Bridgewater**, B4V 1V8
	742-8404	Provincial Bldg., 10 Starrs Rd., **Yarmouth**, B5A 2T1
Valley	678-3386	Annapolis Valley Industrial Mall, Box 524, **Kentville**, B4N 3X3
	825-4545	131 Commercial St., Box 39, **Middleton**, B0S 1P0

Department of Development
Province of Nova Scotia